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Suit Against Tarragon Corporation

SAN DIEGO--(BUSINESS WIRE)--September 11, 2007
Coughlin Stoia Geller Rudman & Robbins LLP ("Coughlin Stoia") (http://www.csgrr.com/cases/tarragon/) today announced that a class action has been commenced in the United States District Court for the Southern District of New York on behalf of purchasers of Tarragon Corporation ("Tarragon") (NASDAQ:TARR) common stock during the period between January 5, 2005 and August 9, 2007 (the "Class Period").

If you wish to serve as lead plaintiff, you must move the Court no later than 60 days from today. If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact plaintiff's counsel, Darren Robbins of Coughlin Stoia at 800/449-4900 or 619/231-1058, or via e-mail at djr@csgrr.com. If you are a member of this class, you can view a copy of the complaint as filed or join this class action online at http://www.csgrr.com/cases/tarragon/. Any member of the purported class may move the Court to serve as lead plaintiff through counsel of their choice, or may choose to do nothing and remain an absent class member.

The complaint charges Tarragon and certain of its officers and directors with violations of the Securities Exchange Act of 1934. Tarragon is a homebuilder and real estate developer.

The complaint alleges that during the Class Period, defendants issued materially false and misleading statements regarding the Company's business and financial results. As a result of defendants' false statements, Tarragon stock traded at artificially inflated prices during the Class Period, reaching a high of $26.76 per share on July 22, 2005.

Then, on August 9, 2007, at noon Eastern Time, the Company issued a press release announcing that the filing of its Form 10-Q for the quarter ended June 30, 2007 would be delayed in order to provide additional time for the Company to finalize its evaluation of property impairment charges and other write-downs necessitated by its recent decision to sell certain properties under current adverse market conditions. The impairment charges were expected to be in excess of $125 million. On this news, Tarragon's stock collapsed $1.88 per share to close at $0.94 per share, a decline of 67% on volume of 18 million shares.

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According to the complaint, the true facts, which were known by the defendants but concealed from the investing public during the Class Period, were as follows: (a) the Company had failed to consolidate an unprofitable variable interest entity into its consolidated financial statements; (b) the Company had failed to properly account for its statement of cash flows by failing to properly classify its cash inflows and cash outflows as operating, investing and financing activities; (c) the Company had failed to timely take property impairment charges and other write downs; (d) due to the deterioration in the real estate credit markets, the Company was experiencing liquidity issues due to its inability to obtain loan modifications and additional financing and there was serious doubt about Tarragon's ability to continue as a going concern; (e) as the Company was experiencing a massive downturn in its business, Tarragon would not be able to remain in full compliance with all of its debt covenants; and (f) given the increased volatility in the homebuilding industry and the real estate credit markets, the Company had no reasonable basis to make projections about its 2007 results, and as a result, the Company's projections issued during the Class Period about its 2007 results were at a minimum reckless.

Plaintiff seeks to recover damages on behalf of all purchasers of Tarragon common stock during the Class Period (the "Class"). The plaintiff is represented by Coughlin Stoia, which has expertise in prosecuting investor class actions and extensive experience in actions involving financial fraud.

Coughlin Stoia, a 180-lawyer firm with offices in San Diego, San Francisco, Los Angeles, New York, Boca Raton, Washington, D.C., Houston and Philadelphia, is active in major litigations pending in federal and state courts throughout the United States and has taken a leading role in many important actions on behalf of defrauded investors, consumers, and companies, as well as victims of human rights violations. Coughlin Stoia lawyers have been responsible for more than $45 billion in aggregate recoveries. The Coughlin Stoia Web site (http://www.csgrr.com) has more information about the firm.

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